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August 26, 2020

Chris Austin  
Director of Rental Investment  
North Carolina Housing Finance Agency  
3508 Bush Street  
Raleigh, NC 27609

Dear Mr. Austin,

The Outer Banks Association of REALTORS® is pleased to offer the following comment on NCHFA's proposed 2021 Low-Income Housing Tax Credit Qualified Allocation Plan.

Dare County is a HUD-designated Difficult Development Area with 2,798 1-2 person households competing for 548 studio and one-bedroom units. Our members have witnessed firsthand the burdens this ratio poses for families and businesses in the Outer Banks. Despite the significant demand for affordable housing in the Outer Banks, the limited availability of land in Dare County reduces its competitiveness for the 70% Low-Income Housing Tax Credit subsidy by restricting distances between potential affordable housing sites and incompatible uses. While we appreciate the necessity of the competitive scoring methodology under § IV.A.1 (b) to assess the suitability of potential affordable housing sites, we recommend NCHFA consider introducing a similarly competitive market analysis scoring methodology under § IV.A.2.

Whereas NCHFA's QAPs since 2012 have allowed proposed projects to compete for Low-Income Housing Tax Credits on bases specific to site quality and neighborhood characteristics, the market analysis protocols appear not to have allowed similar competition on bases specific to area affordable housing need. Similarly, § IV.A.2. (c) of the proposed 2021 QAP includes a series of threshold requirements establishing qualifying minimum capture rates, absorption rates, and vacancy rates at comparable properties. Because the proposed market analysis scoring is noncompetitive, the QAP may not allow NCHFA to holistically assess proposed projects that might otherwise offset site evaluation scoring deficiencies with competitive market analysis scores. We are concerned that the scoring methodology may not equip a low site-scoring but relatively high-need project to compete with a high site-scoring but relatively low need project, where both projects satisfy the market analysis threshold requirements. Accordingly, we recommend NCHFA consider point awards proportional to proposed project's capture rates, absorption rates, and the vacancy rates in comparable housing, or to other indices of local affordable housing need. We believe establishing explicit scoring preferences for high-need areas would increase the diversity of qualifying projects and better tailor the 2021 QAP to NCHFA's critical mission.

Thank you for your consideration. Please direct any questions or additional information to Porter Graham at [pgraham@ncrealtors.org](mailto:pgraham@ncrealtors.org).

Sincerely,

*Porter Graham*

Porter Graham  
Local Government Affairs Director  
North Carolina Association of REALTORS®

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